

## Report for Resolution

**Report to** Cabinet  
13 July 2011  
**Report of** Chief Executive  
**Subject** Future priorities and shape of the council

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### Purpose

To consider the approach to developing the future priorities and shape of the organisation to meet the council's savings requirements.

### Recommendation

1. To report to council that the £0.85m of council expenditure that is currently held would continue to be held for the rest of 2011/12 to continue to ensure a balanced budget (Annex A).
2. That efficiency savings are prioritised wherever possible to avoid reducing services to the public but that it is recognised that these alone are not likely to be enough to close the budget gap for 2012/13 (Annex B and C).
3. That work is carried out to finalise a budget package for 2012/13 of savings through efficiencies and new ways of working that will not directly impact service levels to the public and service reductions where necessary.
4. That a 12 week consultation is carried out on:
  - the future priorities for the council
  - those savings options that will involve changes in the level of service or the way we provide a service to the public
  - a new commissioning framework for the council (Annex D).
5. To delegate authority to finalise the consultation document to the Chief Executive Officer in consultation with the Leader of the Council.
6. That the results of the consultation are reported back to Cabinet in line with the overall timescales.
7. To report the overall approach to Council on the 19 July 2011
8. That a specific consultation is carried out with service users on the future shape of the council's sheltered housing service ( Annex E).

### Financial Consequences

By continuing to hold back expenditure to the amounts itemised in Annex A that totals £0.85 million the Council will meet its budgetary requirements for 2011/12 as stated in the February 2011 general fund budget report.

### Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priority "Aiming for excellence – ensuring the Council is efficient in its use of resources, is effective in delivering its plans, is a good employer and communicates effectively with its customers, staff and partners"

**Cabinet Member:** Councillor Waters: Resources

**Ward:** All Wards

**Contact Officers**

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## **Background**

1. On the 13 December 2010 the government published the proposed financial settlement for local government for 2011/12 and 2012/13. This was a two year settlement to allow for a fundamental review of the finance system for local government for 2013/14 onwards. The settlement has resulted in the council's formula grant being reduced by over 29.1% between 2010/11 and 2012/13 which is a reduction from £15.1 million to £11.2 million.
2. At that time the Council's Head of Finance assessed the impact of this reduction on the council's medium term financial position alongside other budget pressures including inflation and unavoidable expenditure requirements. This showed a need to make savings of £12.2 million for the period 2011/12 - 2014/15.
3. In anticipation of spending cuts and in line with the council's ongoing priority to improve services and efficiency the council had been continuing its transformation and efficiency programme resulting in the identification of a package of £3.5million of savings which would be in place for 1 April 2011. These savings were made up of efficiencies and reductions in management and back office services.
4. However, to address the impact of the front-end loading of the government grant reductions, a reassessment of council income estimates and other budget adjustments it was determined that a further £1.85million in savings was needed for 2011/12.
5. On the 22 February 2011 Council agreed to close the remaining budget gap for 2011/12 through £0.85 million of holding back expenditure and by using £1.0 million of reserves. This approach would then give time to work up options to meet the ongoing savings requirements for the next four years and carry out a consultation on the future role and shape of the council in the summer of 2011. The results of this consultation would then be used to inform the development of a new corporate plan 2012-15 and the development of the council's future budgets. It was agreed that the overall approach to meeting the remaining shortfall would be reported to the July 2011 Council.

## **Overall approach**

6. The council's Head of Finance has continued to review the council's medium term financial projections in line with the changing national economic picture. The government's proposed fundamental review of the local government finance system has meant that there is considerable uncertainty over all local authorities financial projections beyond the current local government funding settlement which covers 2011/12 and 2012/13.
7. It is, therefore, deemed prudent that at this stage the Council focuses its efforts on delivering savings for this 2 year period (2011/12 and 2012/13) rather than a 4 year period due to the overall uncertainty in the funding regime. Although,

longer term savings opportunities will of course continue to be identified as part of the council's ongoing transformation and efficiency programme.

8. The report therefore sets out the approach to the £0.85m of savings required for 2011/12 and the £4.6m of savings needed for 2012/13.

### **Expenditure currently held to balance the 2011/12 budget**

9. It is proposed that Cabinet reports to council that the £0.85million of expenditure it is currently holding continues to be held for the rest of the financial year to realise the necessary savings to continue to ensure a balanced budget for 2011/12. This expenditure is set out at Annex A.

### **Development of the draft future priorities for the council**

10. The corporate plan sets out the city council's strategic priorities. Work has been carried out to develop a set of draft priorities that would eventually lead to a new corporate plan for the council for 2012-2015. This work includes:

- analysis of information from customers on what are the key issues and priorities for local residents in the City
- review of the current policy context including the overall economic climate, the need for the council to continue to significantly reduce its resources, cuts in services from other local public sector organisations and national policy changes
- discussions with key partners over their priorities for the City
- workshops with cabinet members and staff to consider the key role of the council in the current climate.

11. From this a small set of suggested key priorities for the council have been developed. These are as follows:

Making Norwich a:

- Safe and Clean City
- City of Character and Culture
- Prosperous City
- City With Decent Housing For All

Ensuring the Council provides:

- Value For Money Services

12. It is recommended that these five key draft priorities are consulted on as part of the 12 week consultation.

13. The results of that consultation would then be used to refine these priorities and suggested performance measures and targets would be developed. Once a final proposed set of priorities, measures and targets for the council has been agreed by Cabinet they would form the basis of a new draft corporate plan 2012-2015

which would be proposed by Cabinet to Council, as the council's policy framework, alongside the budget for 2012/13 in February 2012. Service and team plans would be revised accordingly and the council's performance framework reshaped.

### **Development of the programme of draft savings options**

14. Guided by the council's 'lean blueprint' and in line with the draft priorities outlined above, a range of work has been carried out across the council, though the transformation and efficiency programme, to develop options for further savings. This includes:

- utilising 'lean six sigma', a process improvement methodology, to streamline business processes and identify efficiency savings
- carrying out 'resource optimisation workshops' with teams of staff to review all their activities and the different savings opportunities and impacts from carrying out activities differently, reducing them or stopping them
- utilising ideas from frontline staff and master classes held with councillors and managers on examples of innovation from elsewhere
- carrying out accommodation and ICT reviews to look for opportunities for savings from office accommodation and infrastructure
- reviewing services, structures, external arrangements and charges and exploring opportunities for income generation.

15. Wherever possible savings options that won't directly impact service levels to the public have been put forward.

16. However, the council has already managed to deliver savings of £13.5 million over the last three years (equating to a 22% reduction in our costs) without significantly impacting frontline services. This has been achieved at the same time as improving a range of key services including housing, recycling and planning. To deliver further significant savings without any impact on the public is not viable.

17. In total £5.05 million of possible savings options have been identified. These are split into two main groups:

- £3.58 million of savings options from efficiencies, new ways of working, reducing support service costs and changes to externally provided arrangements. These options are not expected to result in direct impacts on service levels to the public although they do reduce organisational capacity. These are summarised at Annex B. It is recommended that further work is carried out to finalise these savings.
- £1.46 million of savings options from changes in the level of service or the way we provide a service to the public. These are summarised at Annex C.

18. In total these savings options add up to more than the council needs to meet its savings requirement for 2012/13. This is deliberate as the council wants to ensure that there are genuine choices that can be informed through the consultation and there are inevitably risks to fully delivering some of these savings.
19. It is recommended that the 12 week consultation focuses on which savings to prioritise amongst the £1.46 million of savings options from changes in the level of service or the way we provide a service to the public.

### **Proposed 12 week consultation process**

20. In designing the overall consultation process the following principles have been applied:

- proportional – the time and resources put into the consultation exercise should be in line with the purpose and impact. Given that the main purpose of this consultation is to help the council determine how to reshape itself to realise significant savings then it would be inappropriate to commit large amounts of expenditure to the consultation exercise itself
- inclusive – the consultation exercise should be fully inclusive and provide different methods of access to ensure those people who want to take part are able to.
- genuine – the results of the consultation exercise should be statistically valid and used to fully inform the decision making process
- consistent – given that different methods of consultation will be employed, it will be important to ensure consistency in approach.

21. To ensure that a consistent approach is taken throughout the process a core consultation document has been developed which will act as the basis for all the different consultation methods.

22. The consultation was considered by Scrutiny Committee and their recommendations will be reported to Cabinet at the meeting.

23. This core consultation document will be delivered through the following methods:

- citizens panel - which is broadly representative of the demographic makeup of the local community
- public survey – available through the web and in a paper format through council offices
- community workshops (in each of the four neighbourhood areas)
- equalities forum
- scrutiny committee review
- lord mayors business reception
- third sector conference.

24. While the methods set out above will form the core part of the main 12 week consultation there will also be a number of ongoing consultations / dialogues on specific issues with certain groups of service users that will continue beyond the

overall consultation. Specific processes will be put in place for these.

25. It is considered that this is an appropriate mix of consultation methods that fully meet the principles of good consultation outlined at point 24 of the report.

26. The results from the consultation will then be reported to Cabinet in line with the overall timescales set out below.

### **Overall timescales**

27. The overall timescales for the work to consult on and agree the future priorities and shape of the council is set out in the table below:

<b>Milestone</b>	<b>Date</b>
Report to council on £0.85m of held expenditure for 2011/12 and the overall approach	19 July
12 week consultation carried out on draft priorities and savings options	20 July – 12 October
Report to cabinet on the results of the consultation	9 November
Formal staff consultation on specific staffing change proposals	10 November – 9 December
Report to cabinet on staff consultation response	14 December
Staff assessment and selection	4 January – 25 January
New corporate plan and 2012/13 budget considered by council	February 2012

### **Proposed commissioning framework**

28. The council has traditionally used a mixed economy of service provision to meet the needs of its residents. The council provides a large number of services directly for its residents but also commissions through the private sector a significant range of functions including waste collection, street cleaning, grounds maintenance, housing repairs and ICT. The council also has in place a number of grant funded arrangements with third sector organisations covering different areas and activities.

29. The Council seeks to continually improve its commissioning practice to service delivery in Norwich, both in terms of quality and efficiency and making best use of available resources.

30. To support this process a new draft commissioning framework, has been developed, in accordance with national guidance and other good practice, which can be found at Annex D.

31. It is recommended that this draft commissioning framework is consulted on as part of the 12 week consultation.



**NORWICH**  
City Council

# Commissioning framework

## DRAFT



## Foreword

Norwich City Council has traditionally used a mixed economy of service provision to meet the needs of its residents. The council provides a large number of services directly for its residents but also commissions through the private sector a significant range of functions including waste collection, street cleaning, grounds maintenance, housing repairs and ICT. The council also has in place a number of grant funded arrangements with third sector organisations covering different areas and activities.

Norwich City Council seeks to continually improve its commissioning practice to service delivery in Norwich, both in terms of quality and efficiency and making best use of available resources. Through this new commissioning framework, the council aims to increase its responsiveness to the community's needs and priorities, increase community involvement and support local economic growth.

The objective of this framework is to ensure commissioning practices are fair, transparent and achieve value for money. The focus is on outcomes, instead of the traditional approach to specifying inputs and outputs. This will encourage innovation and flexibility and enable the council to consider alternative means of achieving the same ends where possible.

This commissioning framework has been developed in accordance with national guidance and other good practice models that recognise the importance and value of the voluntary sector in delivering services. We will continue to seek early involvement of voluntary and community sector providers when we are considering and shaping our commissioning plans.



*Brenda Arthur*

Leader of the council Brenda Arthur  
cabinet member for culture, sport, adult services,  
partnerships and strategy

## Introduction

### What do we mean by commissioning?

- 1.1** Public bodies achieve their objectives through a variety of routes, either by carrying out activities directly or by working with external parties in the public, private, voluntary and community sectors. The particular route of working with external parties is described as 'commissioning'.
- 1.2** Commissioning is the entire cycle of assessing the needs of people in a local area, designing services to address those needs and securing a cost-effective service in order to deliver better outcomes.

### What is the purpose of the framework?

- 1.3** The purpose of this framework is to:
  - create a commissioning model that can secure value for money through better relationships with other bodies: public, private and voluntary
  - help all bodies have a shared understanding of the commissioning process, and about what they should expect when working with Norwich City Council, aiming to demonstrate the standards that should be applied to ensure openness; transparency and value for money at all times.

### Who does it apply to?

- 1.4** Commissioners within the council will adhere to it, unless there is an exceptional reason not to eg legislative or specific funding guidelines that require a different approach. In such instances this should be documented accordingly.
- 1.5** The framework applies to all commissioning – whether of services provided by the private sector or voluntary and community sector. The basic principle is that services should be delivered by those organisation(s) that are best able to demonstrate that they meet the criteria and offer the best option to deliver that service.

### How will it do this?

- 1.6** The framework is made up of two distinct parts:
  - A set of principles that will enable commissioners to make decisions in the interests of the community, based on the value of projects over the whole life of the contract; and
  - A clear explanation of the commissioning cycle and the processes that support the cycle, making them clear for suppliers and partners, promoting consistency and transparency in our approach to commissioning.
- 1.7** There is also a brief glossary of terms and links to other useful documents.

## Key principles of commissioning

These principles are embedded throughout the council's commissioning framework and in particular will be applied at assessment stage of the process, along with other specified criteria.

### Value for money

**2.1** Successful commissioning delivers the right outcomes at the right cost, by definition good value for money. Good value for money is the optimal use of resources to achieve the intended outcomes – it is not about achieving the lowest initial price.

The Local Government Act (1999), sets out this criteria for measuring value for money:

- **Economy:** minimising the cost of resources used or required – spending less.
- **Efficiency:** the relationship between the output from goods or services and the resources to produce them – spending well.
- **Effectiveness:** the relationship between the intended and actual results of public spending (outcomes) – spending wisely.

The commissioning framework seeks to ensure proper arrangements are in place for the council to challenge how it secures economy, efficiency and effectiveness in line with the value for money assessment.

**2.2** In order to increase cost-effectiveness and achieve value for money, Norwich City Council will consider:

- **impact:** We will focus on outcomes, the impact on service users and communities, and not just on outputs, process or inputs. We recognise that not all outcomes will be obvious, direct or easily valued and evaluation will utilise techniques such as social return on investment (SROI) to establish the full impact of a programme and its worth.
- **priorities:** In terms of both analysis of greatest public need and the strategic priorities set out in the corporate plan.
- **the optimal combination of:**
  - whole life cost – this is the cost, from start to finish, of the delivery of the agreed volume of the service required to the agreed quality and timescale, including any start up and exit costs; and
  - control of costs – small, unnecessary or excessive costs can quickly snowball. It is easier to control a cost before it has materialised than after it has occurred.
- **the use of competition, where appropriate**
- **increasing the efficiency of providers** through investments in capacity, through the use of competition.

## Commissioning for innovation

- 2.3** Our quality assurance arrangements will reflect our focus on outcomes for people. In some instances, we will need to decommission existing services in order to achieve the right outcomes for people. This will enable us to invest in new services in accordance with our priorities.
- 2.4** We are committed to working in partnership with providers, where appropriate, to achieve innovation and develop new services. This means establishing long-term relationships, based on trust and mutual support, encouraging continued investment in Norwich's services.
- 2.5** We will continue to work with our providers to provide good, timely information about our commissioning intentions via our website and through the various forums already in place. We will engage at an early stage with providers when developing our strategies, recognising that they have skills, knowledge and expertise that will strengthen and improve our commissioning activities.
- 2.6** We recognise that there can be significant benefits in working with organisations that are neither public sector nor private sector. These can include voluntary and community organisations (both registered charities and other organisations such as associations, self-help groups and community groups), social enterprises, mutuals and co-operatives.
- 2.7** Throughout the development and application of this commissioning framework, Norwich City Council will consider:
- the **Norfolk Compact**: [http://www.voluntarynorfolk.org.uk/norfolk\\_compact](http://www.voluntarynorfolk.org.uk/norfolk_compact) a voluntary agreement which sets out commitments to improve the way public bodies and voluntary organisations work together for the benefit of communities and citizens.

And the

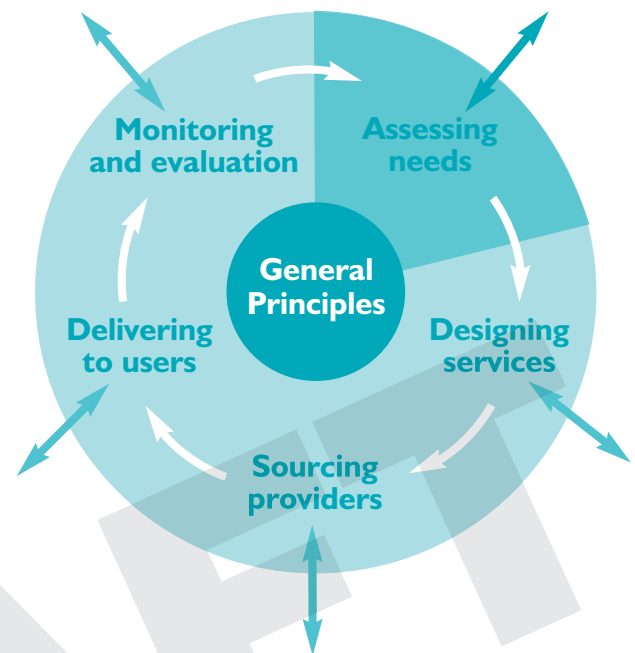
- **Eight Principles of Good Commissioning** identified by the government in 2007 in the National Programme for Third Sector Commissioning:
  - Understanding the needs of users and other communities by ensuring that, alongside other consultees, third sector organisations are engaged as advocates, to access their specialist knowledge.
  - Consulting potential provider organisations, including those from the third sector and local experts, well in advance of commissioning new services, working with them to set priority outcomes for that service.
  - Putting outcomes for users at the heart of the strategic planning process.
  - Mapping the fullest practical range of providers with a view to understanding the contribution they could make to delivering those outcomes.
  - Considering investing in the capacity of the provider base, particularly those working with hard-to-reach groups.
  - Ensuring contracting processes are transparent and fair, facilitating the involvement of the broadest range of suppliers, including considering sub-contracting and consortia building, where appropriate.
  - Ensuring long-term contracts and risk sharing, wherever appropriate, as ways of achieving efficiency and effectiveness.
  - Seeking feedback from service users, communities and providers in order to review the effectiveness of the commissioning process in meeting local needs.

## The commissioning process

### The commissioning cycle

**3.1** A commissioning cycle can be generalised as following a number of stages:

- Assessing needs and identifying the priority needs and outcomes.
- Designing the specification which will achieve these outcomes.
- Sourcing the providers to meet this specification.
- Managing the delivery of the outcomes.
- Monitoring, reviewing and learning from delivery to inform future commissioning.



### Assessing needs

**3.2** Good commissioning requires good information. Assessing needs is a crucial step in the commissioning process. Unless needs are understood, then the design and delivery of services is unlikely to meet their needs and achieve the outcomes required.

**3.3** Good commissioning has the voice of users at its heart. Service users and the wider population know what works well for them and their communities and, importantly, how it can be improved. We will engage local communities in planning and decision making to ensure our strategies meet local needs and priorities.

**3.4** Engaging with service users can be difficult and Norwich City Council recognises the important role of the voluntary and community sector as intermediaries. We will draw upon their advocacy role (speaking for the groups they represent) and on their specialist knowledge (of the barriers faced by, difficulties for, and capabilities of, the groups they represent).

**3.5** Norwich City Council will:

- establish information on the needs of the city, and how these are expected to change over the coming years. This will include information on inequalities between the differing, and overlapping, communities in local areas and help us to have a better understanding of our local population and the challenges faced in tackling inequalities.
- assess needs as part of higher level 'strategic planning', analysing the gap between needs and existing service provision, identifying and agreeing local priorities. Where possible the assessment of needs will be carried out in conjunction with other commissioners.
- analyse information from a range of sources, including quantitative and qualitative data, to inform our commissioning to provide the information needed to stimulate and develop the market and support robust planning for the future.

**3.6** The range of data sources and information is set out [here](#) and will be reviewed annually

## Designing services: agreeing outcomes and selecting the appropriate route to achieve those outcomes

**3.7** As a commissioning body, Norwich City Council will plan or design the service(s) to meet the needs of the city. There are two critical stages to this design process:

- establishing the outcomes to be achieved by the service: the real-life economic, social and/or environmental improvements that are sought
- selecting the appropriate route to achieving the desired outcomes.

**3.8** Norwich City Council has adopted an approach called 'outcomes based accountability'. It is a tool which enables an organisation (or groups of organisations) to find ways in which to concentrate on positive outcomes for a particular population. It then seeks to understand what each organisation can actually deliver and influence. They then develop performance measures and indicators designed to monitor progress against the agreed outcome.

**3.9** The council is also keen to link payment to the outcomes achieved, rather than the inputs, outputs or processes of a service.

**3.10** Outcomes will be built around:

- needs assessment
- local political drive
- legislation
- value for money
- proposals from the public, private and voluntary organisations.

**3.11** When deciding on outcomes, the council will weigh up all the above factors and come to a balanced view. It will always have regard to the potential to adopt a joined up approach to outcomes either:

- to produce efficiency, for example, by reducing duplication in the management of separate programmes; or
- where the efforts of more than one provider are needed to achieve the desired outcome.

**3.12** Once the outcomes are agreed, consideration will be given to the best route to achieve those outcomes. A number of routes can be taken, and a critical point in the commissioning process is deciding which is appropriate. These decisions need to be taken alongside considerations for decommissioning.

**3.13** The first decision needs to be whether the outcomes are best met through self delivery, partnership delivery, or external provision of services. This process will be guided by the council's 'lean blue print' (target operating model) which acts as a framework for all service redesign work within the council. To help officers in this process a matrix has been developed to assess each option against criteria to establish the method that is likely to deliver best value.

In summary, the following considerations should be taken into account in selecting the appropriate method:

METHOD	CONSIDERATION
Self delivery	<p>The council's lean blueprint requires that the council 'delivers services directly' where it is most efficient to do so.</p> <p>In many cases the most effective way to achieve the desired outcomes will be through the council directly delivering a service.</p>
Partnership delivery	<p>Some services that deliver outcomes will only be achieved by working with a wider range of partners, recognising that together there can be greater influence. Norwich City Council will maximise opportunities for partnership arrangements where they are appropriate and result in improved outcomes. It will work with partners to identify where joint commissioning adds value and efficiency.</p> <p>For example:</p> <ul style="list-style-type: none"> <li>• It may contribute funding to any partnership that collectively seeks to commission services for shared outcomes eg Greater Norwich Development Partnership or the New Anglia Local Enterprise Partnership</li> <li>• It may seek, through partnership agreement, to match different outcomes for two or more providers so that the achievement of them together will produce the impact more effectively than any one or other on its own eg the Norwich Neighbourhood Renewal Fund (NRF) project 'In Your Face' provided a family nutrition education and cooking project to families of children with behavioural issues. For health partners, this helped families adopt healthier eating habits and began to reduce obesity. For education partners, the children behaved better in school, benefitting the whole class, and started achieving better educationally. The project had different outcomes for health and education partners, but they were mutually reinforcing.</li> <li>• It may establish new partnership arrangements, or utilise existing partnerships, in order to secure external funding or additional public monies to meet joint outcomes eg the Norwich and Homes and Communities Agency (HCA) partnership.</li> </ul> <p>Norwich City Council has a corporate governance framework for partnership working and is engaged in a wide range of partnerships, attended by partners from all sectors. Through this framework we will maintain clear arrangements to support the joint planning, monitoring and delivery of outcomes. This document can be accessed <a href="#">here</a>.</p>
External provision	<p>Sourcing external provision of services is appropriate where:</p> <ul style="list-style-type: none"> <li>• there is no capacity within the council to deliver these services; or</li> <li>• where there is no appropriate partnership to deliver these services; and</li> <li>• where it is inefficient to do so via either of these routes.</li> </ul>



**3.14** Where it has been decided to seek external provision of services through commissioning, a further decision is required as to the appropriate route to achieve desired outcomes: procurement, grant, grant in aid or grant in kind.

ROUTE	DESCRIPTION	APPROPRIATE	PROCESS
Procurement	<ul style="list-style-type: none"> <li>• Seeks to secure specific goods, works or services from third party suppliers which will meet the council's defined outcomes, without specifying available resources.</li> <li>• Conducted in line with the European and UK Law: Public Contracts Regulations (2006).</li> <li>• Non-compliance with terms and conditions of legally binding contract may result in sanctions, including retrospective recovery of costs.</li> </ul>	<p>Acquisitions are for the direct benefit of the council, necessary for the delivery of the services it provides or the running of its own business.</p> <p>For further guidance see the council's <a href="#">procurement strategy</a>.</p>	<ul style="list-style-type: none"> <li>• Draw up specification and tender document.</li> <li>• Advertise opportunity and invite competition.</li> <li>• Panel assessment against specification contract.</li> <li>• Set up a purchase order with the individual or organisation offering the best (usually best value for money) proposal.</li> <li>• Set out the terms and conditions within a legally binding procurement contract.</li> <li>• Manage delivery via contract conformance.</li> <li>• Formal contract review.</li> </ul>
Grant	<ul style="list-style-type: none"> <li>• Sources services that deliver specific outcomes.</li> <li>• Funding is allocated to the outcome.</li> <li>• Grant agreement is not a legally binding contract but non compliance/failure to deliver outputs within agreed milestones can result in no future payments.</li> </ul>	<p>Permits innovation of the provider to design how those outcomes might best be met.</p>	<ul style="list-style-type: none"> <li>• Application process advertised on website.</li> <li>• Panel assessment against outcomes.</li> <li>• Negotiate a grant agreement to specify the roles and responsibilities of both parties.</li> <li>• Agree and set out conditions of receipt and reporting requirements in a grant agreement.</li> <li>• Performance managing awards through monitoring and evaluation of effectiveness.</li> </ul>

continuing overleaf



ROUTE	DESCRIPTION	APPROPRIATE	PROCESS
Grant in aid (infrastructure grant or core grant funding)	<ul style="list-style-type: none"> <li>• Gives resources as a general contribution to the core costs or overall activities of the organisation.</li> <li>• Funding is allocated to support a commitment to deliver one or more of the council's agreed outcomes but there is no restriction on how the funds are to be spent.</li> </ul>	<ul style="list-style-type: none"> <li>• Relationship characterised by a high level of trust.</li> <li>• Support for overall activities, not any specific project.</li> <li>• The organisation's activities will be closely aligned to the council's agreed outcomes (as identified by the needs assessment).</li> </ul>	<ul style="list-style-type: none"> <li>• Application process advertised on website.</li> <li>• Panel assessment including consideration of grant in kind.</li> <li>• A formal grant award letter will set out the terms and conditions, including monitoring and evaluation requirements.</li> </ul> <p>(Specific outputs are unlikely, but monitoring conditions and evaluation will still apply).</p>
Grant in kind	<ul style="list-style-type: none"> <li>• Offer of resources as an alternative to a financial grant eg relief or waive of business rates, provision of accommodation, or other equipment as appropriate.</li> <li>• The council decides to forego income on an asset according to set criteria and a list of considerations.</li> </ul>	<ul style="list-style-type: none"> <li>• Actual funds unavailable.</li> <li>• Support for overall activities, not any specific project.</li> <li>• The organisations activities will be closely aligned to the council's agreed outcomes (as identified by the needs assessment).</li> </ul>	<ul style="list-style-type: none"> <li>• Arrangements will be detailed within an award letter.</li> </ul>

Guidance on selecting the appropriate route is provided to council officers within a separate toolkit.

The council will no longer hold service level agreements (SLA) in relation to externally sourced services. An SLA is a document that would outline the terms and conditions, and obligations of all parties involved in a commissioned service. Contracts, grant agreements and grant award letters, will all contain agreements on expected levels of service or outcomes to be delivered by the organisation commissioned and the responsibilities of each party. This negates the requirement for a separate SLA.

## Sourcing providers

**3.15** Depending on the route chosen, a specific process is followed to source the provider best able to meet the desired outcomes. The stages will include:

- writing a specification and tender document, or a grant application document
- advertising it and promoting applications
- assessing applications
- awarding the contract, negotiating the grant agreement and/or issuing a grant award letter.

## Using assessment criteria

**3.16** Whichever route is taken, applicant organisations (or lead organisation where there is a consortium or partnership applying) are required to meet the organisational criteria set out in the specification or grant application document. If these criteria are not met, no further consideration will be given to an application. Examples of organisational criteria that might be included are found in the table below. This is not an exhaustive list and at all times compliance with the organisational criteria will be proportionate and relevant to the organisations and the service they offer, particularly when applying for small community grants under £500.

PROVIDER'S ORGANISATIONAL CRITERIA	
Management	You must hold regular committee meetings, including an annual general meeting, and you must have a business plan or demonstrate that you can develop one for your organisation.
Financial systems	You must comply with all financial and accounting requirements of charity and/or company law and follow good practice in relation to internal financial controls.
Equal opportunities	You must have a written equal opportunities/diversity policy and code of practice that comply with current relevant legislation.
Employment practices	For organisations where staff will be recruited to deliver services you must hold advertised, open and competitive interviews, and fill the post only through the results of these interviews. You must issue all staff with a statement of principal terms and conditions of employment and job descriptions.
Insurance	Your organisation must have adequate insurance cover for activities, events, staff, premises, equipment, vehicles including: <ul style="list-style-type: none"><li>• Public liability</li><li>• Employer's liability cover if staff are employed</li><li>• Property and equipment insurance against fire, theft, loss, damage, vehicle/driver insurance if vehicles are owned and/or driven.</li></ul>

continuing overleaf

## PROVIDER'S ORGANISATIONAL CRITERIA

Protection of vulnerable adults	Organisations working with vulnerable adults must have a protection of vulnerable adults policy and procedure. Employees working with vulnerable adults must be trained in the protection of vulnerable adults.
Child protection	Organisations working with children must have a child protection policy and procedure. Employees working with children must be trained in child protection.
Data protection	You must comply with the Data Protection Act (1998), in handling any personal information about individuals.

**3.17** The specification or grant application document will set out additional criteria in relation to quality and delivery. Weighting may be accorded to each. These might include:

QUALITY CRITERIA	DELIVERY CRITERIA
Equality	Detailed knowledge of the city
Community cohesion	Track record
Resources	Delivery method
Long term sustainability	Partnership
Quality assurance	

**3.18** Deadlines for receipt of applications, together with dates when decisions will be taken, will be published on the Norwich City Council website and within relevant literature.

**3.19** Assessment of both returned tender documents and grant applications will be carried out in the appropriate manner to ensure objective assessment against the specified criteria and in accordance with the overarching principles set out in this framework, including value for money. Grant applications will be collectively assessed by those with appropriate knowledge and expertise.

**3.20** Following assessment, recommendations will be made to cabinet to approve grant funding. In relation to procurement, the value of the contract will dictate the level for decision making, officer or elected member, according to procurement rules.

## Awarding contracts, grants, grants in aid, grants in kind

- 3.21** The council will issue contracts, standard grant agreements and grant award letters setting out the role and obligations of both the organisation and the council in delivering agreed outcomes, including full terms and conditions. Template documents for each can be found by clicking [here](#).
- 3.22** The contract or grant agreement or grant award letter will set out the basis of payment which must be agreed with the provider. This might include payment:
- ‘up front’ to finance set-up costs or staff retention
  - retrospectively, on the completion of stages of work or the achievement of milestones
  - on the achievement of outputs or outcomes
  - at fixed regular intervals
  - at the end of the period of the agreement.
- 3.23** These payments can vary to reflect the cost of each stage, period or achievement in question or be spread out over a longer period. The basis of payment will also include arrangements for the funder or commissioning body to recover any under spent grant.
- 3.24** Payment will usually be made in arrears following achievement of agreed terms. Payment in advance can be made available to voluntary and community sector organisations where a clear operational requirement for this has been identified and a risk assessment has been carried out.
- 3.25** The payment formula will incorporate an agreed approach to risk management and ‘full cost recovery’.

## Monitoring

- 3.26** Monitoring is about collecting information and assessing it. Such information is needed for the management of the programme in relation to:
- its progress towards the outcome
  - its use of the finances
  - the management of risk
  - identifying ongoing levels of need
  - responding to social change.
- 3.27** All organisations funded by the council through the commissioning process will be subject to monitoring against pre-agreed performance indicators and targets as set out in the contract, the award letter or the partnership agreement. According to the value and complexity of the arrangement or commission, the monitoring requirements may differ but they will be proportionate.
- 3.28** The council recognises that monitoring that is based on open dialogue helps to build trust, identify and manage risk and helps improve how public services are delivered. The process will have regard to National Audit Office guidance on ‘intelligent monitoring’ <http://www.nao.org.uk/intelligentmonitoring>. To ensure reporting remains proportionate to the amount of money and degree of risk involved, the council will use this guidance to test and validate its approach at regular intervals throughout the arrangement.

- 3.29** Adopting the principles set out above, monitoring will take the form of electronic based monitoring returns and/or site visits to organisations. Funding will be released according to the agreed payment formula, on receipt of a fully completed and satisfactory monitoring report. A summary of expenditure related to the council's funding is required with monitoring returns, and these details should be substantiated through sampling of financial records as required by the council (which might include invoices, ledgers, cheque book stubs and bank statements, salary records etc).
- 3.30** Equalities monitoring should be intrinsic to services delivered directly by the council or through commissioning organisations to provide services, particularly those which are contracted to provide public functions, as they also are subject to the general equalities duties under the Equalities Act (2010). It is a way of ensuring our residents and customers receive a high quality service, which best meets their needs.
- 3.31** The best ways to collect equalities information is to make it part and parcel of the service you deliver eg an equalities monitoring pro forma could be placed at the end of a customer satisfaction survey, as part of that survey. Further guidance on how and when to collect this information can be found here: [Equalities Monitoring Guidance](#)
- 3.32** It is an integral part of the council's commitment to remedying inequalities that the information gathered through equalities monitoring is analysed and acted upon. It is therefore likely that over the course of any contract or grant agreement, specific performance indicators related to equalities will be agreed to be integrated into standard monitoring returns.

## Evaluation

- 3.33** Evaluation is the assessment of the extent to which the programme has met its objectives and helps commissioners and providers to improve the design and operation of the programme and design new programmes to best meet current needs.
- 3.34** The evaluation process needs to be designed at the outset, agreed at the beginning of the process, and embedded into agreements with providers.
- 3.35** Norwich City Council recognises the role that the voluntary and community sector can have in evaluation. Its members are often well placed to answer the important questions in evaluations, such as who benefited, how and why and often the sector will have the capacity and credibility to carry out the evaluation itself.
- 3.36** Our quality assurance arrangements will reflect our focus on outcomes for people: we will regularly review services to make sure they continue to be fit for purpose and provide best value.

## Proportionality and risk management

- 3.37** In both monitoring and evaluation, Norwich City Council will follow good practice around proportionality and risk management and seek to minimise the burden on providers, while maintaining proper control of use of public money.
- 3.38** Where appropriate, Norwich City Council will make use of the provider's own monitoring and evaluation procedures, rather than imposing extra ones. For example some agencies may already be using tools such as the Outcome star, or SOUL (soft outcomes universal learning) records with indicators which measure progress. As these are robust tools which are already utilised across sectors, Norwich City Council is happy to accept evidence using them.

**3.39** If the provider also receives public money from another government body or other funding body, Norwich City Council will consider utilising monitoring and evaluation systems that are already in place.

**3.40** Further guidance on monitoring and evaluation is available here. This guidance aims to ensure a consistent reporting mechanism which fits with the council's performance management system.

## Decommissioning

**3.41** It is important to understand that decommissioning a service is an important part of the considerations that make up the commissioning cycle. Decommissioning can happen **at any point** in the cycle as a result of changing priorities, new evidence of what works, or changes to funding circumstances that make it necessary to review current provision.

**3.42** However the most common time for decommissioning is when the existing agreement comes to an end and the service or project is evaluated on the extent to which it has met the agreed outcomes. It is this evaluation process and continuation of the commissioning cycle: the needs assessment, review of outcomes, assessment of the most appropriate route to deliver those outcomes that informs decisions as to whether to extend, recommission or decommission.

When making a decision to decommission consideration will be given to the impact of the service ceasing and legal requirements

The council will aim to provide three months notice wherever possible and will work to amend contractual obligations to support providers in phasing out services. Some awards will be time limited and therefore no notice period will be required.

## Glossary

Term used	What it means
<b>Commissioning</b>	The entire cycle of assessing the needs of people in a local area, designing services to address those needs and securing a cost-effective service in order to deliver better outcomes.
<b>Compact</b>	An agreement that describes how local statutory sector bodies (such as the council) and third sector organisations will work together as partners.
<b>Consortia</b>	An association of two or more individuals, companies or organisations with the objective of acting together for the purposes of a single project.
<b>Cooperatives</b>	A business organisation owned and operated by a group of individuals for their mutual benefit. Cooperatives often share their earnings with the membership as dividends, which are divided among the members.
<b>Evaluation</b>	The assessment of the extent to which the programme has met its objectives.
<b>Full cost recovery</b>	Where the organisation delivering the service is allocated a fair proportion of resources to cover the overhead costs for each contract or service it provides.
<b>Key performance indicators</b>	Indicators which help commissioners to measure the performance of suppliers against their agreed obligations.
<b>Mutual</b>	An organisation that is owned by, and run for the benefit of, its members. Its purpose is to raise funds from its membership or customers to provide common services to all members. Any profits made will usually be re-invested in the mutual for the benefit of the members, although some profit may also be necessary to sustain or grow the organisation.
<b>Outcomes</b>	The real-life economic, social and/or environmental improvements that are sought/the results or impact of a planned activity or intervention on residents.
<b>Outcome star</b>	A tool for supporting and measuring change when working with vulnerable people. <a href="http://www.outcomesstar.org.uk/">http://www.outcomesstar.org.uk/</a>



<b>Partnership delivery</b>	Working with a range of partners to jointly commission services for shared outcomes.
<b>Procurement rules</b>	Norwich City Council has a legal requirement for a set of standing orders which they call their 'contract standing orders', which is part of the council's constitution.
<b>Self delivery</b>	The council directly delivering a service.
<b>Social enterprises</b>	Businesses trading for social and environmental purposes. The profits they make are reinvested towards achieving that purpose.
<b>Social return on investment</b>	A way to measure and account for the value you create with your work. It is different from many other approaches in that it values outcomes by using financial proxies, so that they can be added up and compared to the investment made. This results in a ratio of total benefits (a sum of all the outcomes) to total investments. For example, an organisation might have a ratio of £4 of social value created for every £1 spent on its activities.
<b>SOUL records</b>	Soft outcomes universal learning: a flexible toolkit offering an effective method of measuring progression in soft outcomes eg confidence, self-esteem and problem solving <a href="http://soulrecord.org/">http://soulrecord.org/</a>
<b>Statutory sector</b>	The statutory sector involves all the organisations that are set up, controlled and funded by the government, for example the council, the police and the NHS.
<b>Tender</b>	A written request to provide information about how the supplier would contract to provide goods or services as specified at a stated price. Successful tenders result in the award of a contract to deliver the goods or services specified.
<b>Voluntary and community sector (VCS)</b>	Often referred to as the third sector, this refers to wide range of registered charities as well as non-charitable, non-profit organisations, associations and community groups large and small.
<b>Whole life cost</b>	The cost of the project across the whole life of the project.
<b>Whole life value</b>	This is the cost of a project, including all relevant future costs as well as the social, economic and environmental considerations needed to assess the value of the project, product or service.





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